

Financial Policy Issue Worksheet

Common Program Funding-Levees, Water Quality, WUE

Description

Funding for the ERPP has been identified that will enable implementation to begin during the first ten years of the Program. The other Common Programs, including Levee System Integrity, Water Quality, and Water Use Efficiency, do not have this level of identified funding. These other Common Programs require funding sources to begin implementation during the first ten years of the Program.

Discussion

- Cost estimates for the Levee improvement range from \$200 million for reinforcing existing problem areas to around \$2 billion for the complete Levee program. These costs will be incurred over several decades, but could still amount to as much as \$100 million per year.
- Cost estimates for the Water Quality Program are not fully known, but could be substantial over time for items such as mine drainage problems or land purchases to address water quality issues.
- Cost estimates for the other Common Programs are less well known, but in general they are likely to be lower due to the nature of the actions being considered.
- While some portion of these Common Program costs will undoubtedly be borne by the public, some of the costs should be borne by users who will benefit from the combined effects of these other Common Programs as well.
- There is not currently any means to charge some of the categories of users directly for these Common Programs. Work groups discussions have indicated that these types of Programs should be paid for by users in general, including recreational and fisheries users.
- Existing reclamation districts may be able to provide user support for those in flood-prone areas who receive the benefit of reduced flood risk as a result of the Levee System Integrity Program.

BDAC Report

The Financial Strategy for the Preferred Alternative will need to include the means to fund the other Common Programs besides the ERPP. Although it has been controversial in the past, a fee on water diversions that encompasses the entire Bay-Delta System watershed appears to be the best tool to collect revenues directly from a wide cross-section of water users. Users should begin to anticipate this type of fee being included in the funding package.

Redirection of existing revenue sources related to recreational and fisheries uses should also be contemplated, or new fees should be implemented to enable these users to contribute to the Common Programs including the ERPP. Levee programs will also likely require user funding at some level.

Additional public funding should also be anticipated beyond that already identified for the ERPP. This will mean going back to Congress for additional federal money beyond the \$430 million authorized in 1996 (this \$430 million is specifically limited to ecosystem purposes), as well as to California voters if additional G.O. bonds are desired. In the absence of G.O. bonds, some other statewide funding source would need to be identified.

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